

# Banking And Agriculture Credit Facility

—Mostafa Tofayel Hossain

**B**ANKS can help materialize agrarian reforms. It however depends upon management designed that way. Some people say that management is what management does. But it is not so actually. Management ought to be defined as an institution which manages its performances so as to have some definite results. In terms of management—especially in the present context of Bangladesh—Banks can play the role of agrarian reformer in a better way than any other institution. If agricultural development in our country depends on agrarian reforms, it is worthwhile to discuss how banks can help reach at this envisaged target through their attempts to bring about such reforms. The highlights of my own ideas about it are: I) Formation of farmer groups in the villages and sub-villages; II) Appointment of only those bankers at the union level who find interest in the development of agriculture; III) Bridging the banker-farmer gap; IV) Appointment of agriculturists in the branches dealing in agricultural credit; V) Setting up of godowns/hiring of godowns for seasonal preservation of agricultural commodities; VI) Solving accommodation and adjustments problem of bankers engaged in the task of agricultural credit; and VII) Formation of a district level evaluation team to judge upon the activities of such branches.

Farmers seeking agricultural loan from banks are eager to save money with banks as members of groups. I have formed groups of farmers in the villages, and got satisfactory response from them regarding savings in small amounts, weekly and fortnightly. I have discussed this point in detail in my earlier essay published in 'The Bangladesh Observer'. In my opinion it is better to extend loan facility to certain groups of farmers according to the crop calendar, without giving gap of loan for any crop. For example, a certain group of farmers should be given loan not only for Aush or Aman or Wheat but for each of the crops. They should be given loan facility for each crop separately until a return to the start for consideration afresh. The crop calendar is like a cycle, crops come in cyclic order. This is necessary for saving them from getting poverty-stricken. Out come of the loans shall be determined by the barometer of success of the bank, as mo-

tivators of farmers. Motivation work must be adequate enough to arouse moral responsibilities of the farmers. Reiterated contact, and contact only with them can transform them into effective man-power which can materialise the noble end of boosting agricultural production, in which lies the success of agricultural credit facility to the farmers.

It is wise to appoint only those bankers at the union level who find interest in agricultural banking, and it is unwise to think that everybody can serve everywhere for the sake of employment. The idea of keeping service holders under compulsion does not stand at par with the psychology of adjustment. For this purpose, branches of the banks may be classified into three categories: namely (a) city branches, suits the taste of bankers interested to live in the cities; (b) town branches, devoid of agricultural credit, suits the taste of bankers looking for town life; and (c) rural branches, set up solely for the purpose of agricultural credit. For bankers, there must be scope for the choice of environment. Appointments may initially be made according to the requisition of the banks. III) The gradual worsening trend of banker-farmer relations should be viewed at seriously without much delay. System should be evolved and measures taken to improve the banker-farmer relationship in the days to come. Bankers should treat the farmers not as loanees, but as producers of crops. It is practically so, of course. They are given loan facility only to increase crop production. And this is more important for our national development. The farmers are the greatest servers of the nation. They plough wealth for the nation, the nation ought to plough back wealth to them.

Banks should help the farmers not only financially, but should also assist them practically in their field works, including nursing of plants. For this purpose, banks may appoint agriculturists for each and every branch dealing in agricultural credit. Not more ideas, but their fruitful application is necessary. Services of diploma holders and graduates from Mymensingh Agriculture University might be properly utilized by banks for the great interest of boosting production. With their proficiency in the field of agriculture, the agriculture diploma holders and gradu-

ates could visit the farmers from door to door, helping them in their work. This would bring about agrarian reform in the country gradually. With the increase of per acre production of crops, per capita income of the farmers would have increased. The critical food problem too would have been solved then. The great Chinese leader Mao Tse Tung said that control over nature is the key to the development of agriculture. But who will impart this important knowledge to the farmers? It is the qualified agriculturists who could do this. Efforts are reportedly being made to improve irrigation system. With the government initiative irrigation equipment—such as deep tubewells shallow tubewells and other agricultural equipment are going to be supplied to the farmers through the banks. This is in addition to digging of canals. Minister for Planning, Dr. Fasiuddin Mahtab has emphasized the point overwhelmingly. As such, for a proper coordination of the supply of equipment for irrigation and utilization thereof in the best possible way it is imperative that agriculturists give timely and practical assistance to the farmers. Banks may also seek active cooperation of the agriculturists who serve under the Ministry of Agriculture.

I think banks should set up or hire godowns for the preservation and stocking of agricultural produces of the farmers. The economic calculation behind it is that, during harvest, the market price of agricultural produces is very low. For want of alternative source to procure money required for family maintenance, the farmers happen to market their produces just after the harvest. They can ill-afford to keep patience. This is particularly true in case of the medium size and small size farmers. They sell away their produces at a lower rate at the time of harvest, and sometimes buy back the same commodity when price level goes higher. It is worthwhile to say, impoverishment is often a disease which most of the middle class and lower middle class families suffer from, just because of this malady in their life. Banks, of course, could solve this problem. They could take mortgage of the agricultural produces, such as paddy and wheat, at the time of harvest, and lend money to the mortgaged farmers at a certain margin, for a certain period of time.

By this time, price-level would go higher, and sale proceeds would become profitable. There are some commodities, such as potato, onion and mustard seed, the price-level of which gets doubled after a certain gap from the harvest season. Banks could introduce storage-cum-credit facility to the farmers, and enable them to get higher and deserving prices. Besides, the due date for repayment of crop-loans may safely be extended up to the time of higher price-rate thereby providing them economic relief. It may be mentioned here that, The Bangladesh Agricultural Project, Boda and Satnala at Dinaipur is now making experiments upon this idea, with small farmers on v. It's being done in collaboration with commercial banks. The farmers have found interest in it.

Bankers find themselves at odds in respect of their accommodation at the remote village areas. There is acute housing problem besides all other problems of civil life. In order to retain their devotion to work and set aside their reluctance and nostalgia, the bankers serving in the union level may be given extra incentives. Housing problem must be solved. They may also be given opportunity to have excursions abroad from time to time and shake off monotony.

Lastly, I would suggest that a district level evaluation team should be formed, which would judge upon the overall activities of the bankers serving in the village areas, see to their problems point out their shortcomings, reject the destructive factors and retain the constructive ones. They may also be made responsible for arranging annual awards for the best farmers, best groups in respect of loan repayment, best groups in respect of savings deposit, and also among the best bankers.

In conclusion, I would like to say that agricultural credit facility for the farmers is in a haphazard state at present. Bankers are in a fix both in respect of disbursement, and recovery; farmers are in a fix how to make repayment and have fresh facility. It is a tense situation indeed. And therefore, there must be something to break the ice. Frustration from the sides should no longer be allowed to eat upon the longevity of the people. A fresh start ahead, a successful leap forward will be possible, if bankers now come forward with their jointly furnished, uniform and well-designed systems of management.